

Assessment of compliance with the Code of Practice for Official Statistics

Statistics on Profitability and Share Ownership

(produced by the Office for National Statistics)

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About the UK Statistics Authority

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

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ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, reports may point to such questions if the Authority believes that further research would be desirable.

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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1 Summary of findings

1.1 Introduction

1.1.1 This is one of a series of reports¹ prepared under the provisions of the *Statistics and Registration Service Act 2007*². The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*³. The report covers the set of statistics produced by the Office for National Statistics (ONS) and reported in:

- *Profitability of UK Companies*⁴ (*Profitability*); and
- *Ownership of UK Quoted Shares*⁵ (*Share Ownership*).

1.1.2 Section 3 of this report adopts an ‘exception reporting’ approach – it includes text only to support the Requirements made to strengthen compliance with the *Code* and Suggestions made to improve confidence in the production, management and dissemination of these statistics. This abbreviated style of report reflects the Head of Assessment’s consideration of aspects of risk and materiality⁶. The Assessment team nonetheless assessed compliance with all parts of the *Code of Practice* and has commented on all those in respect of which some remedial action is recommended.

1.1.3 This report was prepared by the Authority’s Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

1.2 Decision concerning designation as National Statistics

1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics listed in paragraph 1.1.1 are designated as National Statistics, subject to ONS providing the Authority Board with an action plan setting out how the Requirements in this report will be addressed (Requirement 1) by June 2012 and implementing the remaining Requirements listed in section 1.5 and reporting them to the Authority by October 2012.

1.2.2 ONS has informed the Assessment team that it has started to implement the Requirements listed in section 1.5. The Statistics Authority welcomes this.

¹ <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

² http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf

³ <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

⁴ <http://www.ons.gov.uk/ons/rel/pnfc2/profitability-of-uk-companies/q3-2011/stb-profitability-of-uk-companies-2011q3.html>

⁵ <http://www.ons.gov.uk/ons/rel/pnfc1/share-ownership---share-register-survey-report/2010/stb-share-ownership-2010.html>

⁶ <http://www.statisticsauthority.gov.uk/assessment/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

1.3 Summary of strengths and weaknesses

- 1.3.1 ONS has improved the commentary in *Share Ownership*, providing useful context to the statistics. However, the commentary in *Profitability* and *Share Ownership* does not provide information about known and potential uses of the statistics.
- 1.3.2 We think that ONS provides insufficient information about the methods used to produce the Profitability and Share Ownership statistics and the quality of them, especially in relation to their use; *Profitability* and *Share Ownership* do not discuss sampling and non-sampling errors or provide quantitative measures of quality such as confidence intervals. Some classifications need to be better explained, and the implications of discontinuities in time series should be brought out more clearly. ONS has reviewed the methods used to produce Share Ownership statistics after criticism of the 2010 release in the media, inviting comments from two users about the changed methods. However, ONS has not engaged with other users about the changes to methods.

1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that ONS could strengthen its compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

1.5 Requirements for designation as National Statistics

- | | |
|----------------------|---|
| Requirement 1 | Provide the Authority Board with an action plan setting out how the Requirements in this report will be addressed (para 1.2.1). |
| Requirement 2 | Take steps to develop a greater understanding of the use made of the statistics, publish the relevant information and assumptions and use them to better support the use of the statistics (para 3.1). |
| Requirement 3 | a) confirm that a wide range of users will be consulted before changes that affect statistics are made; and b) confirm that changes to methods will be announced well in advance of the release of new statistics (para 3.2). |
| Requirement 4 | Publish an explanation of why the methods used to produce Share Ownership statistics were chosen, including an explanation of the extent to which the analysis of the companies on Equiniti's register is representative of all companies listed on the London Stock Exchange (para 3.3). |

Requirement 5	Improve the information provided about the quality of Profitability statistics, including strengths and limitations in relation to use and all main sources of error and bias (para 3.4).
Requirement 6	a) demonstrate the extent to which the Share Ownership statistics are of sufficient quality to meet the needs of users; b) improve the information provided about the quality of Share Ownership statistics, including strengths and limitations in relation to use; and c) ensure that users are informed of all main sources of error and bias (para 3.5).
Requirement 7	Strengthen the quality assurance procedures for the Share Ownership statistics (para 3.6).
Requirement 8	Provide information about the comparability of Share Ownership and Profitability statistics with those produced by other countries (para 3.7).
Requirement 9	Confirm that the team responsible for producing Profitability and Share Ownership statistics is appropriately resourced to meet the standards of the <i>Code of Practice</i> (para 3.8).
Requirement 10	Improve the commentary in the releases so that it aids user interpretation of the statistics (para 3.9).
Requirement 11	Ensure that pre-release access lists are kept under close review so that access is granted only where absolutely necessary (para 3.11).
Requirement 12	Investigate opportunities to maximise the use of administrative data for Share Ownership statistics (para 3.12).
Requirement 13	Include the Euroclear CREST system on ONS's Statement of Administrative Sources and provide information about the arrangements for auditing the quality of the data the system provides (para 3.13).

2 Subject of the assessment

- 2.1 *Profitability of UK Companies (Profitability)* is a quarterly publication which provides detailed quarterly and annual statistics about the net rate of return – profitability – of UK companies' activity within the UK. It provides statistics about profitability for different sectors of the economy, namely manufacturing companies, service companies and companies involved in the exploration or extraction of oil and natural gas – UK Continental Shelf companies. The publication consists of the latest quarterly provisional results and results for previous quarters; results are finalised in line with the National Accounts revisions policy. ONS publishes the release approximately three months after the period to which the statistics refer. Data are collected via the Quarterly Operating Profits (QOP) survey and Capital Expenditure (CapEx) survey run by ONS. These are combined with data about companies involved in the extraction of crude petroleum and natural gas provided by the Department of Energy and Climate Change and the National Grid. Estimates are produced in accordance with the guidelines in the *European System of Accounts, 1995*⁷ – a methodology that ensures the consistent production of statistics about the economies of EU member states.
- 2.2 *Ownership of UK Quoted Shares (Share Ownership)* provides statistics about the value and beneficial ownership of ordinary shares in companies listed on the London Stock Exchange (LSE). *Share Ownership* was produced annually from 1997 to 2004 and has been produced every second year from 2004. Data for the calendar year are extracted from the Euroclear CREST⁸ – an administrative system; statistics are published around 13 months after the period to which they relate. In 2010 there were approximately 2,500 companies on the LSE; data for all companies with a market capitalisation⁹ greater than £2.2 billion (83 companies) and a sample of companies with market capitalisation below £2.2 billion (117 companies) were extracted; these companies comprised 88 per cent of UK market capitalisation. The statistics are susceptible to changes arising from Government intervention¹⁰, for example in the financial sector between 2008 and 2009. ONS reviewed its methods for assigning beneficial ownership to shares owned by multiple beneficiaries during 2010-12 and recommendations were implemented for the 2010 statistics.

⁷ http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=CA-15-96-001

⁸ https://www.euroclear.com/site/public/EUI/!ut/p/c5/04_SB8K8xLLM9MSSzPy8xBz9CP0os3gz08BgH3MPIwN3X3dTAYM_Y38vAxdnY3dXI_1wkA7cKnzNlfiGOICjgb6fR35uqn5Bdnaao6OilgDVTa5G/dl3/d3/L2dJQSEvUUt3QS9ZQnZ3LzZfNjVRU0w3SDlwOFZMODAyVEFQOVRPRDAwSjM!/

⁹ The total market value of all of a company's shares

¹⁰ Government intervention refers to the nationalisation of a company whereby the government takes ownership of that company

2.3 Profitability and Share Ownership statistics are used in the following ways:

- ONS uses Profitability statistics as a key input into the Quarterly and Annual National Accounts; Profitability statistics account for approximately 20 per cent of the income measure of Gross Domestic Product.
- The Manufacturing Technologies Association uses Profitability statistics as an indicator of a firm's propensity to invest; and the likely changes in aggregate demand that result.
- ONS uses Share Ownership statistics in the National Accounts, to provide a sectoral breakdown of share ownership, and to assign income from dividends.
- The Department for Business Innovation and Skills (BIS) uses Share Ownership statistics to monitor changes in share ownership, including the size of holdings and location of shareholders; and to determine the levels and trends in foreign share ownership.
- The Association of British Insurers uses Share Ownership statistics to monitor the level of investment by insurance companies.

2.4 ONS told the Assessment team that annually the production of these statistics costs approximately £38,000 for *Profitability* and £32,000 for *Share Ownership*.

3 Assessment findings

- 3.1 ONS discusses the National Accounts with the Bank of England (BoE), HM Treasury (HMT) and BIS at quarterly meetings. ONS engages with other government users through the Economic Theme Working Group¹¹ and non-government users through the Financial and Economic Statistics User Group¹². However, this engagement relates to the National Accounts as a whole. ONS has published¹³ a user engagement strategy for statistics produced by its Business Indicators and Balance of Payments Division (BiBoP), which is responsible for producing Profitability and Share Ownership statistics. The strategy includes undertaking user feedback surveys and engaging with users through user groups and holding seminars. A web survey of users conducted by ONS of the Profitability statistics elicited two responses; users of Share Ownership statistics have the opportunity to respond to a web survey included with the release published in February 2012. The statistics team told us that most correspondence with users is via email or telephone. ONS has not published any documents detailing the uses of the statistics. As part of the designation as National Statistics, ONS should take steps to develop a greater understanding of the use made of the statistics, publish the relevant information and assumptions and use them to better support the use of the statistics¹⁴ (Requirement 2). In meeting this Requirement, we suggest that ONS refer to the types of use put forward in the Statistics Authority's Monitoring Brief, *The Use Made of Official Statistics*¹⁵.
- 3.2 In 2010-12 ONS reviewed the methods¹⁶ used to compile Share Ownership statistics in response to criticisms of the 2010 release published in the Financial Times¹⁷. ONS told us that the review included discussions with the National Accounts team within ONS, BIS, the Investment Management Association¹⁸ and the BoE; no other users were given the opportunity to comment. ONS published a summary of the review in January 2012¹⁹ – one month before the changed statistics were published. One user told us they were unaware of the review. As part of the designation as National Statistics, ONS should a) confirm that a wide range of users will be consulted before changes that affect statistics are made; and b) confirm that changes to methods will be announced well in advance of the release of new statistics²⁰ (Requirement 3).
- 3.3 ONS's methods review highlighted significant differences between its Share Ownership statistics and those derived from ONS's financial surveys for

¹¹ <http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/themes/economy/index.html>

¹² <http://www.rss.org.uk/site/cms/contentviewarticle.asp?article=1047>

¹³ <http://www.ons.gov.uk/ons/guide-method/method-quality/user-engagement/index.html>

¹⁴ In relation to Principle 1, Practices 1, 2 and 5 of the *Code of Practice*

¹⁵ <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-briefs/monitoring-brief-6-2010---the-use-made-of-official-statistics.pdf>

¹⁶ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/share-ownership/share-ownership---share-register-survey-2010---information-note.html>

¹⁷ <http://www.ft.com/cms/s/0/9264eb56-8d17-11df-bad7-00144feab49a.html>

¹⁸ <http://www.investmentfunds.org.uk/>

¹⁹ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/share-ownership/share-ownership-methodology-review.pdf>

²⁰ In relation to Principle 2, Practice 4 of the *Code of Practice*

pension funds and insurance companies²¹. The majority of this difference was attributed to the method used to assign beneficial ownership to shares owned by multiple beneficiaries. ONS contracted Equiniti²² – a share registrar and provider of investment services – to analyse its register of 42 FTSE 100 clients to determine whether the method used to assign beneficial ownership to shares owned by multiple beneficiaries remained valid. Equiniti recommended changes to the method of assignment²³ and ONS implemented these recommendations during 2011 for the 2010 statistics. However, ONS's published summary of the methods review does not make clear the extent to which the 42 companies on Equiniti's register are representative of all companies on the LSE. ONS uses administrative data for *Share Ownership*: data about all companies with market capitalisation of greater than £2.2 billion are collected; and data for a sample of companies with a market capitalisation less than £2.2 billion are collected. The release and methodology review summary do not explain why this method was chosen, or why administrative data for all companies listed on the LSE is not used. As part of the designation as National Statistics, ONS should publish an explanation of why the methods used to produce Share Ownership statistics were chosen, including an explanation of the extent to which the analysis of the companies on Equiniti's register is representative of all companies listed on the London Stock Exchange²⁴ (Requirement 4).

3.4 ONS has published a *Summary Quality Report*²⁵ (SQR) which provides information about the methods used to produce Profitability statistics, and the quality of them. The Profitability SQR discusses the quality of the statistics in relation to the six dimensions of the European Statistical System Quality Framework²⁶. However, there is scope for further information to be provided; for example, on sampling and non-sampling errors and their impact on quality. The methods used to produce Profitability statistics are not always clearly described, for example the way that HMRC data are used in producing the statistics. As part of the designation as National Statistics, ONS should improve the information provided about the quality of Profitability statistics, including strengths and limitations in relation to use and all main sources of error and bias²⁷ (Requirement 5). We suggest that ONS improve the clarity of published information about the methods used to produce Profitability statistics.

3.5 Several aspects of the methods used to produce Share Ownership statistics and the quality of them are problematic:

- Changes to the methods used to produce the statistics for 2010 (presented in the 2012 publication of *Share Ownership*) mean that only

²¹ <http://www.ons.gov.uk/ons/rel/fi/mq5--investment-by-insurance-companies--pension-funds-and-trusts/2nd-quarter-2011/index.html>

²² <http://www.equiniti.com/Pages/Default.aspx>

²³ Equiniti recommended changes to the proportions used to assign those electronically registered shares with multiple beneficial owners; and the proportions used to distribute those shares registered in paper form where the beneficial owner was unknown

²⁴ In relation to Principle 4, Practice 1 of the *Code of Practice*

²⁵ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality-information/economic-statistics/summary-quality-report-for-profitability-of-uk-companies.pdf>

²⁶ The six dimensions of the European Statistical System Quality Framework are: relevance; accuracy; timeliness and punctuality; accessibility and clarity; comparability; and coherence

²⁷ In relation to Principle 4, Practice 2 and Principle 8, Practice 1 of the *Code of Practice*

direct comparisons between statistics about 1998 and 2010 can be made with any degree of certainty. The statistics for the intervening years should be treated with caution. However, this is not made clear in *Share Ownership*; the commentary only makes oblique references to comparisons being difficult to make, and ONS presents the statistics in tables and graphs in such a way that encourages comparisons using statistics from intervening years.

- Definitional changes to the categories of beneficial owner since 2008 are clearly highlighted but the impacts have not been quantified. For example, the definition of Other Financial Institutions is highlighted as having changed since 2008, but unlike the definitions of Pension Funds and Unit trusts, it does not clearly explain how the definition is different from that used in 2008.
- There is no discussion of any aspect of the quality and reliability of the statistics in relation to potential uses; such information is anyway important, but in this case would help to address the public criticism of the Share Ownership statistics.

As part of the designation as National Statistics, ONS should a) demonstrate the extent to which the Share Ownership statistics are of sufficient quality to meet the needs of users; b) improve the information provided about the quality of Share Ownership statistics, including strengths and limitations in relation to use; and c) ensure that users are informed of all main sources of error and bias²⁸ (Requirement 6).

- 3.6 ONS carries out little quality assurance of the data extracted from the Euroclear CREST system other than to check for duplication of data. There has been no recent review of the classification of companies within the system to ensure that they are classified correctly. As part of the designation as National Statistics, ONS should strengthen the quality assurance procedures for the Share Ownership statistics²⁹ (Requirement 7). We suggest that ONS publish these quality assurance procedures as part of the *Share Ownership SQR*.
- 3.7 Neither *Share Ownership* nor *Profitability* indicate whether similar statistics are available for other countries. ONS told us that EU member states are required to supply these statistics to Eurostat as part of the National Accounts regulation, but that statistics for other EU member states may not be as detailed as those published in *Share Ownership* and *Profitability*. As part of the designation as National Statistics, ONS should provide information about the comparability of Share Ownership and Profitability statistics with those produced by other countries³⁰ (Requirement 8). We suggest that ONS signpost similar statistics for other countries in *Share Ownership* and *Profitability*.
- 3.8 ONS told us that the consultation on its 2010 work programme³¹ resulted in a decision to stop³² producing *Profitability*. ONS considered that there was a user

²⁸ In relation to Principle 4, Practice 2 and Principle 8, Practice 1 of the *Code of Practice*

²⁹ In relation to Principle 4, Practice 3 of the *Code of Practice*

³⁰ In relation to Principle 4, Practice 6 of the *Code of Practice*

³¹ <http://www.ons.gov.uk/ons/about-ons/consultations/closed-consultations/2010/work-programme-consultation/index.html>

³² ONS told us that the Profitability data would continue to be collected and published within the National Accounts, but would not be published in a dedicated statistics bulletin

need for the statistics and continued to produce *Profitability* – in addition to *Share Ownership*. In 2011, resources for the producer team were reduced as part of organisation-wide cost savings. As part of the designation as National Statistics, ONS should confirm that the team responsible for producing *Profitability* and *Share Ownership* statistics is appropriately resourced to meet the standards of the *Code of Practice*³³ (Requirement 9).

- 3.9 *Share Ownership* includes contextual and explanatory commentary which can help users to understand trends in share ownership. *Profitability* has some commentary but this is limited to descriptions of increase or decreases or comparisons with annual averages. However, it is difficult for a non-expert to understand the main messages from the statistics and their coherence with other financial and economic statistics. *Profitability* and *Share Ownership* contain technical terms and jargon; but whereas *Share Ownership* provides definitions and explanations of terms used, *Profitability* does not. The releases would benefit from additional information about known and potential uses of the statistics. As part of the designation as National Statistics, ONS should improve the commentary in the releases so that it aids user interpretation of the statistics³⁴ (Requirement 10). We suggest that in meeting this requirement ONS should consider the points detailed in annex 2.
- 3.10 Each publication is available in PDF format with detailed information contained within accompanying Excel tables. Four letter identifier codes are included in the data tables and *Profitability*. These codes allow users to quickly identify the statistics and download them from the Data³⁵ section of ONS's website. However, it is not made explicit how to use these codes. We suggest that ONS improve the level of accessibility of data available via the Data section of its website by providing instructions to help users.
- 3.11 ONS publishes a pre-release access list for *Profitability*³⁶; 17 people are granted pre-release access to *Profitability*, with 11 of those from HM Treasury; ONS told us that it reviews pre-release access before each publication. Pre-release access is not granted for *Share Ownership*. As part of the designation as National Statistics, ONS should ensure that pre-release access lists are kept under close review so that access is granted only where absolutely necessary³⁷ (Requirement 11).
- 3.12 *Share Ownership* uses data from Euroclear's CREST system which processes around 1.8 million share transactions each day³⁸. In 2010, data on 200 companies were extracted; these companies comprised 88 per cent of UK market capitalisation. ONS told us that it does not extract information on all companies listed on the LSE due to cost. As part of the designation as National Statistics, ONS should investigate opportunities to maximise the use of administrative data for *Share Ownership* statistics³⁹ (Requirement 12).

³³ In relation to Principle 7, Practice 1 of the *Code of Practice*

³⁴ In relation to Principle 8, Practice 2 of the *Code of Practice*

³⁵ <http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

³⁶ <http://www.ons.gov.uk/ons/rel/pnfc2/profitability-of-uk-companies/q3-2011/pre-release-access-list.pdf>

³⁷ In relation to Protocol 2, Practice 7 of the *Code of Practice*

³⁸ See 'About' page: <https://www.euroclear.com/site/public/EUI>

³⁹ In relation to Protocol 3, Practice 3 of the *Code of Practice*

3.13 Euroclear's CREST system is not included in ONS's Statement of Administrative Sources⁴⁰ and there is little information about the arrangements for auditing data quality. As part of the designation as National Statistics, ONS should include the Euroclear CREST system on its Statement of Administrative Sources and provide information about the arrangements for auditing the quality of the data the system provides⁴¹ (Requirement 13).

⁴⁰ <http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/statement-of-administrative-sources/index.html>

⁴¹ In relation to Protocol 3, Practices 2 and 5 of the *Code of Practice*

Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to ONS's Profitability and Share Ownership statistics, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

- | | |
|---------------------|---|
| Suggestion 1 | Refer to the types of use put forward in the Statistics Authority's Monitoring Brief, <i>The Use Made of Official Statistics</i> when documenting use (para 3.1). |
| Suggestion 2 | Improve the clarity of published information about methods used to produce Profitability statistics (para 3.4). |
| Suggestion 3 | Publish quality assurance procedures as part of the <i>Share Ownership</i> Summary Quality Report (para 3.6). |
| Suggestion 4 | Signpost similar statistics for other countries in <i>Share Ownership</i> and <i>Profitability</i> (para 3.7). |
| Suggestion 5 | Consider the points detailed in Annex 2, in seeking to improve the statistical releases (para 3.9). |
| Suggestion 6 | Improve the level of accessibility of data available via the Data section of the ONS website by providing instructions to help users (para 3.10). |

Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*⁴². While this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistical releases associated with profitability and share ownership statistics, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

Appropriate identification of the statistics being released

- A2.3 The titles of *Profitability* and *Share Ownership* provide a clear indication of the statistics released and the periods to which they relate.
- A2.4 *Share Ownership* includes a statement of frequency of release within the background notes. *Profitability* does not include a statement of the frequency of release, but is implied in the text.
- A2.5 Standard headings and logos are used in both releases. The name of the originating department and the name and contact details of the responsible statistician are also included in *Profitability* and *Share Ownership*.
- A2.6 *Share Ownership* and *Profitability* do not contain summaries of the subject of the release or indexes outlining their content.

Include commentary that is helpful to the non-expert and presents the main messages in plain English

- A2.7 The 2010 *Share Ownership* contains five bullet points detailing the key changes since 1998 and one since 1963. *Profitability* quarter 3 2011 summarises the release in five brief bullet points, but does not include a more detailed summary.
- A2.8 The language in *Share Ownership* is mostly straightforward, but does include jargon and technical terms. Explanations are provided only for some technical terms in the notes at the end of the release. The language in *Profitability* is quite technical, acronyms are used without explanation and 'additional information' is written for users with some understanding of accountancy terms.
- A2.9 Commentary in *Share Ownership* is factual, describing increases and decreases and provides useful explanatory commentary. *Profitability* contains little explanatory or contextual commentary, with commentary limited to descriptions of increase and decreases or comparisons with annual averages.

⁴² <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

Use language that is impartial, objective and professionally sound

A2.10 Commentary in *Profitability* and *Share Ownership* is impartial and evidence-based. Descriptive statements are demonstrably consistent with the statistics.

A2.11 *Share Ownership* does not include a discussion of sampling variability and confidence intervals. The *SQR* for *Profitability* – referenced in the release – provides information about quality under the six European Statistical System dimensions but provides little information about sampling and non-sampling error and bias. Furthermore *Profitability* and the accompanying supplementary tables do not include quantitative measures of quality, such as confidence intervals.

Include information about the context and likely uses

A2.12 *Share Ownership* states that the statistics are used within the National Accounts to populate the financial account, but does not discuss further uses. *Profitability* does not include information about the operational or policy context, or other explanation as to why the statistics are produced, nor how they may be used.

A2.13 Neither release includes discussion of the quality and reliability of the statistics in relation to potential uses.

Include, or link to, appropriate metadata

A2.14 A description of the sampling methods and information about the classifications used is provided in *Share Ownership* and a link provided to the methodology review. The brief outline of the methods for producing Profitability statistics in the *SQR* does not adequately explain the process and way in which HMRC tax data are used.

A2.15 *Profitability* states beneath the title of the release that the statistics relate to the UK and GB; however, it is unclear which geography the graphics relate to.

A2.16 *Share Ownership* explains that the method used to allocate shares with multiple beneficial ownership changed in 2010 and links to the paper detailing the review of methods. *Share Ownership* details the new method, but does not describe the impact of the change. Definitional changes to the categories of beneficial owner since 2008 are clearly highlighted but the impact has not been quantified. The commentary makes oblique references to comparisons in the intervening years being difficult to make. The only explanation of these difficulties is provided on the last page of the release. The change in 1998 to the use of the Euroclear CREST system as the data source led to discontinuities in *Share Ownership* statistics; *Share Ownership* briefly explains, in the background notes at the end of the release, that long-term trends are hard to identify as a result of the discontinuities. However, this information is not contained on graphics with extended time series. In addition, the impact of government intervention in financial institutions has been noted but not fully explained. From July 2011 the Standard Industrial Classification (SIC) 2007

was used in Profitability statistics. *Profitability* links to further information about SIC 2007, but does not analyse the impact of the change on the statistics.

A2.17 There is no indication that Share Ownership statistics are subject to revision. *Profitability* includes a statement explaining that profitability estimates are provisional and subject to later revision, and includes a table quantifying these revisions; however, there is no link to this table from *Profitability*.

Annex 3: Summary of assessment process and users' views

A3.1 This assessment was conducted from November 2011 to May 2012.

A3.2 The Assessment team – Gary Wainman and Rachel Beardsmore – agreed the scope of and timetable for this assessment with representatives of the ONS in December. The Written Evidence for Assessment was provided on 10 January. The Assessment team subsequently met ONS during January and February to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

Summary of users contacted, and issues raised

A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A3.4 The Assessment team received 6 responses from the user consultation. The respondents were grouped as follows:

Public sector	2
Trade associations	2
Private sector	1
Academia	1

A3.5 Users reported that they would like more detail gained through disaggregation of categories for both Profitability and Share Ownership statistics, for example type of ownership in *Share Ownership*. Other users' views included that:

- the changes to the methods used to produce Share Ownership statistics had resulted in some large changes to categories of share ownership – for example Rest of World and Pensions Funds – due to the change in methods for assigning beneficial ownership to shares owned by multiple beneficiaries that weren't adequately explained;
- the new methods provided better statistics, but the breakdown of the 'Rest of the World' category needed to be improved;
- the timeliness of statistics could be improved;
- greater explanation of revisions to Profitability and Share Ownership statistics would be welcomed;
- criticism of the Share Ownership statistics in the press has led them to question the quality of the statistics; and
- accessibility was a problem.

A3.6 Users reported that the staff were helpful and prompt with responses to queries.

Key documents/links provided

Written Evidence for Assessment document

